

**MELROSE CITY COUNCIL
REGULAR MEETING
THURSDAY, AUGUST 20, 2026 – 6:00 P.M.**

1. CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

The Melrose City Council met in a Regular Meeting on Thursday, August 20, 2026, at 6:00 P.M. at the Melrose City Center pursuant to due notice being given thereof. Present were Council Members Mark Niehoff, Tony Klasen, Mayor Joe Finken, City Administrator Tom Budde, Community Development Director Sheila Hellermann, Finance Director Jackie Niehaus, Police Chief Craig Maus, and Scott Dymoke. Council Member Travis Frieler was absent. Mayor Finken presided thereat.

The Council then recited the Pledge of Allegiance.

2. APPROVAL OF AGENDA

A motion was made by Council Member Klasen, seconded by Council Member Niehoff, and unanimously carried to approve the agenda.

3. CITY COUNCIL VACANCY APPOINTMENT

Following the resignation of Joelene Wieling from the Melrose City Council, the Council needed to appoint a new member per Minnesota Statute § 412.02, subd. 2a. to finish the remainder of Wieling's term which would have expired on December 31, 2026. This appointed member's term will conclude on December 31, 2026, with the election of a new Council member for a 4-year term following the upcoming November 3, 2026, general election. The newly elected member will take office in January.

The Council could appoint any individual to this vacancy who is eligible for election to the office of Council Member. To be eligible, a person must be a U.S. citizen, a resident of the city, entitled to vote at any election, and at least 21 years old. At their July 16, 2026, meeting, the Council indicated their preference for a formal application and appointment process.

Scott Dymoke, former City Attorney for the City of Melrose, had expressed interest in filling the City Council vacancy for the remainder of Council Member Wieling's term and filled out an application. He meets all of the requirements for eligibility to fill the position. Mr. Dymoke is not running for a full term in the November election.

Mayor Finken presented. We are going to start out with the resignation of Joelene Wieling. The Council wanted to bring in someone who has not been on the Council yet but has a knowledge of the city. There was a consensus to give Scott Dymoke a call. He knows our city probably better than all of us put together. He will help serve out Joelene's term until newly elected people join the Council next year, to make it fair to those running for election instead of just appointing one of them to the Council. So that was the consensus. The Council will do an oath of office for Scott, so he can help us out for the next few months.

A motion was made by Council Member Niehoff, seconded by Council Member Klasen, and unanimously carried to approve the appointment of Scott Dymoke as a Council Member to fill the vacancy on the City Council for the remainder of the term ending on December 31, 2026.

Scott Dymoke was then administered the oath of office of Council Member for the City of Melrose by Mayor Finken and was seated with the City Council for the remainder of the meeting.

4. OPEN FORUM

Mayor Finken then opened the floor to public comment. There were no members of the public who wished to comment.

5. CONSENT AGENDA

The following items were considered for approval under the Consent Agenda.

- a. The May 20, 2026 Ad Hoc Labor and Personnel Committee Meeting Minutes, the June 8, 2026 Special Joint Council-PUC Meeting Minutes, the July 6, 2026 Special Joint Council-PUC Meeting Minutes, and the July 16, 2026 Regular Council Meeting Minutes
- b. List of bills for the month of July
- c. List of investments for the month of July
- d. Gambling Resolution 2026-38 – Church of St. Mary
- e. Gambling Resolution 2026-39 – Church of St. Mary
- f. Gambling Resolution 2026-40 - Melrose Fire Department Relief Association
- g. Gambling Resolution 2026-41 – Green Grove Rod & Gun Club
- h. Gambling Resolution 2026-44 – Melrose Chamber of Commerce
- i. Gambling Resolution 2026-45 – Church of St. Mary

A motion was made by Council Member Klasen, seconded by Council Member Niehoff, and unanimously carried to approve the Consent Agenda.

6. REPORTS

6a. Police Department

Police Chief Maus gave the following report. For July 2026 in the traffic area, we had 40

citations, 98 verbal warnings, and eight written warnings. In July 2026 there were 389 calls or requests for service. Last year in July of 2025, there were a total of 269 calls or requests for service. At this time last year there 1,915 calls or requests for service, and this year we are up to 2,224. It's an increase of 309 calls over this time last year. There were 22 agency assists this month. Those numbers are down from June and May. The way that numbers are looking for August agency assists will increase for that month. The department has been on the interstate and over in Sauk Centre helping out with calls. In regard to ordinance violations, there have been 48 to 50 of them so far this year. There have been nine administrative citations related to junk vehicles and debris in yards. These are eligible for the \$750.00 fee that the Council approved last year. We are working through those and unresolved ones will likely need to go to Council for review and abatement. Open houses are next week for the schools in the area, school will be starting the first week of September. There is also a new law for school bus stop arms. Rather than the violation occurring once the stop arm is fully extended, as soon as the lights start flashing cars are expected to stop behind the school bus. There has been much more speed enforcement on Kraft Drive SE especially. With the bridge projects on I-94 GPS systems are telling drivers to get off the interstate and drive through Melrose, and they are not always recognizing it is a 30 mile-per-hour zone. This could be a continuing issue as the bridge projects aren't expected to be completed until fall 2027.

6b. Community Development Director Report

Community Development Director Hellermann gave the following report. There are several agenda items tonight related to the former Jennie-O site redevelopment project. She has also had meetings this week with the Minnesota Pollution Control Agency (MPCA) regarding 517 Main Street East. A phase one environmental study was done there and the city is working with the owner of the site to get him help and resources so he understands what he has on this property. That is the Bohlig Cleaners site. The Planning and Zoning Commission at its meeting next Monday will be reviewing a preliminary plat for the Birch Hills addition. Staff is working on updating the pylon sign in the industrial park, there have been new businesses added to the park since the sign was put up and existing businesses have also had name changes. Another new home is breaking ground in Highlands soon in the KL addition. Two lots are pending on the north side as well. MADA has approved one application and is expecting another to utilize the Commercial Rehab Deferred Loan Program. The Stearns County Housing Trust Fund has also helped with new roofing and siding for some houses in town. We have two grant applications still pending, including the Small Cities Development Program and the second Minnesota Department of Employment and Economic Development (DEED) grant for the Jennie-O downtown parking lot. She also wants to invite everyone to the Melrose Area Arts Council mural unveiling. That is next Wednesday afternoon at 6:00 P.M. at the Midwest Automatic Building. They have been working on this project for several years.

6c. City Engineer Report

City Engineer Dave Blommel gave the following report. He and Streets/Parks Supervisor Rousslange went through the 2026 Street Projects and walked the streets that were

worked on and they have one more thing they are going to add to the list for the contractor to fix before making the final payment. Otherwise, everything else looks pretty good. They did their tour while it was raining so they were able to see how the water flowed on the streets, so that was good information to have. So, they will be ready to pay the contractor by the end of the fall. He is also working on the budget for projects next year.

6d. City Administrator Report

City Administrator Budde gave the following report. He stated it is his one-month anniversary today since joining the Administration group. He has been working on getting up to speed on a lot of projects with the department heads. He has been working with Finance Director Niehaus on the budget as well. On the utility side of things, for the Water/Wastewater Department at the last PUC meeting, we approved the Pump and Blower project for the Water/Wastewater Treatment Facility. That will be starting in the next few months. We are still continuing to work on the MRES for the distribution maintenance agreement and we are hoping to get that agreement completed within the next couple weeks. The last thing from the PUC meeting is that we are starting to look at generation and potential generators to add to the Power Plant. The ones that are currently in the Power Plant are long overdue for replacement.

7. ACTION ITEMS

7a. Resolution 2026-42 Setting Public Hearing for Establishing Tax Increment Financing District No. 14-1

Community Development Director Hellermann presented. The City of Melrose has acquired the former Jennie-O turkey processing plant site. The City has received a DEED grant for redevelopment. Interested developers are considering TIF as a tool for redevelopment and TIF eligibility was a condition of the grant. To establish a TIF district, Council needs to set a public hearing. Staff is requesting a public hearing be set for the Council's September 17, 2026 meeting. Documents are being prepared by TIF Consultant, Jason Murray. So the Council is being asked to consider the Resolution 2026-42, to set a public hearing to establish Tax Increment Financing District 14-1.

A motion was made by Council Member Klasen, seconded by Council Member Dymoke to approve Resolution 2026-42 Calling for a Public Hearing on the Establishment of Municipal Development District No. 14, The Approval of the Development Program Related Thereto, The Creation of Tax Increment Financing District No. 14-1 Therein, and the Adoption of Tax Increment Finance Plan Relating Thereto.

7b. Criminal Prosecution Contract 2027-2028 – Stearns County Attorney's Office

Police Chief Maus presented. The Stearns County Attorney's Office (SCAO) has sent their proposed Criminal Prosecution Contract to the City of Melrose for 2027-2028. The SCAO prosecutes misdemeanor and petty misdemeanor violations of Minnesota state statutes for the City of Melrose. Their services under this contract also include victim and witness assistance, civil asset forfeiture, appellate representation on these cases, law

enforcement training, and 24/7 availability for law enforcement questions.

The SCAO states that due to increased personnel and other costs incurred by the county since the last contract price adjustment, the proposed yearly contract rate has been increased to \$17,000.00 a year. This is an approximately 11% increase from the \$15,300.00 a year charged under the current 2025-2026 contract. This rate is guaranteed not to increase through the duration of the contract.

Their contract comes due every two years. The price is based on a tiered system of how many cases they do for agencies of our size. The cost increase this time is not due to increased cases but more of an adjustment for the cost of doing business for them. We maintained the \$15,000 mark for a while, but in the words of the County Attorney, they need to make some adjustments to pay for the attorneys doing the work. His recommendation would be to maintain the services with the Stearns County Attorney's Office

Council Member Niehoff asked if there were options to do a bid with another option? Maus stated that private firms have done prosecution for the city in the past, but their proposals have not been anywhere close in terms of hourly rates to what the Stearns County Attorney's Office offers. The previous private attorney the city used was roughly a forty thousand dollar a year average cost. After that, the city has been working with the Stearns County Attorney's Office for the last 14 to 16 years.

A motion was made by Council Member Niehoff, seconded by Council Member Klasen, and unanimously carried to approve the 2027-2028 Agreement for Prosecution Services between the County of Stearns and the Stearns County Attorney and the City of Melrose for 2027-2028

7c. Power Sale Agreement (S-1) – MRES

City Administrator Budde presented. The City of Melrose currently purchases all electric power and energy the city requires to meet the needs of its customers in excess of its firm power allocation from the Western Area Power Administration from Missouri River Energy Services. This is pursuant to the terms and conditions of the Power Sale Agreement (S-1) which was amended and restated effective January 2, 2017, and extending until January 1, 2057. MRES is proposing to extend the term of the S-1 Agreement to January 1, 2067. Resolution 2026-43 is attached as MRES specified they require a resolution of the Public Utilities Commission and the City Council to approve this agreement. Resolution 2026-37 was passed last week by the PUC for this purpose.

A motion was made by Council Member Dymoke, seconded by Council Member Klasen, and unanimously carried to approve Resolution 2026-43 Resolution to Approve Power Sale Agreement (S-1) Between the City of Melrose and Missouri Basin Municipal Power Agency DBA MRES.

7d. Appointment of City Council Representative to City Boards and Commissions

City Administrator Budde presented. Following the resignation of Joeline Wieling from the City Council on July 16, 2026, her roles as the City Council Representative to the Planning and Zoning Commission and to the Housing and Redevelopment Authority became vacant. Council Member Scott Dymoke has offered to fill both of these positions.

A motion was made by Council Member Klasen, seconded by Council Member Niehoff, and unanimously carried to appoint Scott Dymoke as Council Representative to the Planning and Zoning Commission.

A motion was made by Council Member Niehoff, seconded by Council Member Klasen, and unanimously carried to appoint Scott Dymoke as Council Representative to the Housing and Redevelopment Authority.

7e. Police Squad Car Quotes

Police Chief Maus presented. He is requesting approval to get quotes for a replacement of a police squad car in 2027. This is a budgeted item. The quote would then be brought before Council for final approval as the amount of the quote will likely exceed the \$10,000.00 amount department heads can spend without Council approval. This would replace the 2016 squad car.

A motion was made by Council Member Niehoff, seconded by Council Member Klasen, and unanimously carried to approve the Police Department to get quotes for a replacement of a police squad car in 2027.

7f. Supplemental Letter of Agreement - SEH - Platting for JOTS

Community Development Director Hellermann presented. In moving forward with the redevelopment of the downtown Jennie-O site, the city will need to plat the west side of 5th Avenue SE. This includes delineating that portion to be sold to Leedstone, platting the extension of Turkey Lane/1st Street through the area and connecting with 5th Avenue SE, and creating available commercial lots north and south of the road extension. Easements will also need to be prepared as the city has significant infrastructure running north and south through the proposed Leedstone lot. The Turkey Lane/1st Street extension plat will also facilitate the street construction project in 2027. SEH has provided the attached Supplemental Letter of Agreement for the work.

A motion was made by Council Member Dymoke, seconded by Council Member Klasen, and unanimously carried to approve the Supplemental Letter of Agreement with SEH for the platting work on the west side of 5th Avenue SE as part of the redevelopment project.

7g. Subgrant Agreement - Stearns Electric - DEED Grant

Community Development Director Hellermann presented. The City of Melrose received a \$100,000 childcare economic development grant from DEED for the center being opened

at 900 Kraft Drive SE (the former Stearns Electric headquarters). City staff and City Attorney Krueger met with DEED officials to discuss this award and how the funds are to be administered. DEED provided a subgrant template agreement, allowing the City and Stearns Electric to work through the funding considerations. This agreement has been used in other projects by DEED, and it is necessary for our auditors. City Attorney Krueger prepared the agreement, and it has been reviewed by Stearns Electric, who is prepared to execute it.

Matt O'Shea, CEO of Stearns Electric, was in attendance and presented on the project. Looking at the 2025 study the city did that identified daycare as a need, we thought that this was a good fit. We are very close to completing this project and just working out the correct funding structure to make it happen. The City Attorney and DEED have been involved to make sure this is set up the way it needs to be. So that subgrant agreement has been prepared between the city and Stearns Electric. He is here in support and can answer any questions the Council may have.

Mayor Finken stated that the city really appreciates Stearns Electric using this building for a need for our community. It is a good place for it. Thank you for helping get that in the neighborhood, it means a lot.

Council Member Niehoff asked for clarification regarding why the Council needed to approve this agreement. Community Development Director Hellermann stated that since the DEED grant was awarded to the city, to be able to allocate the grant money from the city to this project and Stearns Electric and Merry Moose, the subgrant agreement was needed. Council Member Niehoff stated he understood. City Administrator Budde stated that under the agreement, the city is also still responsible for making sure the funds are used appropriately.

A motion was made by Council Member Klasen, seconded by Council Member Dymoke, and unanimously carried to approve the Subgrant Agreement with Stearns Electric for the administration of DEED grant funds for the childcare center project.

7h. Bid Package Estimates - JOTS Demolition

Community Development Director Hellermann presented. The first step in the demolition of the downtown Jennie-O main processing plant is the creation of the bid package, which will be the guide for bidders interested in the project. This is subject to the DEED grant, which the city received for \$669,000.00 that will help partially fund the demolition. This will be a competitive bid process as required by statute because it will exceed \$175,000.00. Staff have reached out to several companies. Some declined to bid on the package, as they prefer to focus on the demolition itself. Attached are the estimates staff have received. The low bidder is Gohman Construction for \$32,700.00.

A motion was made by Council Member Klasen, seconded by Council Member Niehoff, and unanimously carried to approve the quote from Gohman Construction and award the contract for the preparation of the bid package for the demolition of a portion of the JOTS plant to Gohman Construction for a cost of \$32,700.00. This is approved with the

contingency that the city is not responsible for anything left out of the demolition bid.

8. NEW BUSINESS

8a. City of Melrose Quarterly Financial Report

Finance Director Jackie Niehaus presented this report for the Council's review. This report was for the city's financial results through the second quarter of 2026. Overall the city remains in a stable financial position, with revenues and expenditures generally tracking with budgeted expectations.

Overall, the general fund is tracking well through the second quarter. Revenues are generally coming in as expected. Licenses and permits are performing ahead of budget and investment income has already exceeded the annual budgeted amount. The net position is slightly below the prior year. This is mainly due to higher wage costs, vehicle repairs, and increased set-aside transfers for future capital projects. General fund expenditures are also tracking within budget through the second quarter. Overall, departments are below 50% of their annual budgets, which is where we would expect to be at this point of the year.

Looking ahead to the second half of the year, we'll continue monitoring 2026 budget trends and refining year-end projections. We'll also be looking closely at capital reserves and upcoming project needs. Planning will be done for future fire and emergency response needs and beginning the 2027 budget and levy process with a focus on long-term financial planning. Overall, the city remains in a stable financial position through the second quarter. Revenues and expenditures are generally tracking as expected. She will keep the Council updated as we refine year-end projections and work through the 2027 budget process.

8b. Stearns County Veterans Services – Room Rental

Cory Vaske, Director of Veterans Services for Stearns County, presented. Stearns County has been in discussions with the City of Melrose regarding placing a Stearns County Veterans Services office inside the Melrose City Center, as they are looking for an office space in Melrose. He has been in discussions with City Administrator Budde and Community Development Director Hellermann on this subject. A little history on this, Stearns County Veterans Services used to have an office with the Melrose school district up until 2020 when COVID hit, and the Director of Veterans Services at that time retired and there was turnover in the department which did not allow Veterans Services to get back out to Melrose. Their goal has been to come back out to western Stearns County in person. They did a GIS study looking at drive times and Melrose was the optimal location to have an office in western Stearns County. They have also received community comments requesting to have in-person services back in Melrose.

Council Member Niehoff asked which hours Stearns County Veterans Services would want access to the City Center to conduct operations out of their rented office space? Vaske stated that they would just need normal business hours. Operations at their Waite

Park location are open from 8 A.M. to 4:30 P.M. They would be looking to mirror those hours in Melrose. One of the issues has been finding a space which has ADA access which is part of why the Melrose City Center ended up being the space they are interested in renting.

City Administrator Budde stated that the storage room at the end of the hallway with the Council Chambers and meeting rooms would be converted into the office space. Some modifications would be made to put in an ADA door at the end of the hallway to allow for the door to be opened with buttons to make it accessible. Adding a ramp has also been discussed to provide access to this door without needing people to go to the front door of the City Center. There are funds available from the County to make those modifications. There is another county department that would like to use the City Center, and so then Conference Room C could be partitioned off for evening meetings with farmers.

Mayor Finken said that this has been a priority to get services back out to Melrose. It is a good center for people and using more rooms at the City Center is a good thing.

An initial proposal has been discussed which would involve renting out a storage room to be converted to the office, with the County paying regular rent to the City in the amount of \$300.00 per month. City Administrator Budde and Community Development Director Hellermann did some looking around to make sure the rental rate was comparable to other office spaces in the city. The County will prepare a proposed agreement, and this will be reviewed by the City Attorney before final approval.

A motion was made by Council Member Klasen, seconded by Council Member Dymoke, and unanimously carried to approve the drafting of an agreement to lease a storage room in the Melrose City Center for use by Stearns County as a Veterans Services office, pending City Attorney revisions, for \$300.00 per month paid to the City of Melrose by Stearns County.

8c. Melrose Fire Department PERA Benefit Increase

Mayor Finken abstained from this item and Council Member Klasen served as Acting Mayor for conducting the discussion and vote for this item.

1st Assistant Fire Chief Joe Woeste presented. The Melrose Fire Department is requesting an increase to the PERA pension for Fire Department members. The Fire Department receives an annual report for the pension each year, and at the current benefit amount, the pension is currently funded at 123%. The benefit amount is requested to be changed to \$4,400.00 per year of service depending on eligibility. The current benefit amount is a lump sum of \$3,700.00 per year of service upon attainment of age 50 and completion of 20 years of service in the Normal Retirement Benefit, or a lump sum of a percentage of \$3,700.00 per year of service based on a vesting schedule after at least 5 years of service, payable at age 50, in the Deferred Vested Benefit.

The Melrose Fire Department PERA Plan would have a funded rate of 104.5% if the benefit was increased to this amount. The Fire Department always likes to stay above a 103% funding rate, so this would align with that. Right now, the average age of Fire

Department members is 39 years old, and the average years of service is 12 years. There are 6 members that have 20 or more years of service. So only those members would be able to pull the full amount of money from the fund at this point. Woeste feels that this increase in benefits would be a good increase to attract and retain members for the Fire Department.

Council Member Klasen stated that he remembers the 2007 and 2008 stock market crash and how that affected public pensions. However, he stated that based on the numbers and the funding structure of this particular plan, he believes that this fund is in a healthy position, and so he does not see an issue with this increase. Council Member Niehoff asked about how the fund had increased so much in the past few years to be at the current funding level? Woeste explained that fire insurance revenues from the state as well as strong stock market returns have grown the pension fund. These different funding sources also ensure that if there is a stock market drop that the pension fund will stay at a good spot.

A motion was made by Council Member Niehoff, seconded by Council Member Dymoke, to approve an increase in the Melrose Fire Department PERA pension benefit amount to \$4,400.00 per year of service, from the current benefit amount of \$3,700.00 per year of service. Council Member Dymoke, Council Member Klasen, and Council Member Niehoff voted in favor. Mayor Finken abstained. The motion was carried.

8d. October City Council Meeting Date

City Administrator Budde presented. The Council should discuss whether to keep the City Council meeting on Thursday, October 15, 2026 on its originally scheduled date, or whether to move the meeting to another time. Last year, the October City Council meeting was held on Thursday, October 23, the fourth Thursday of the month, rather than the third Thursday as usual. October 15 is during MEA weekend this year. The Council Members agreed to move the meeting to October 22.

9. INFORMATIONAL ITEMS

9a. The next City Council meeting will be held on Thursday, September 17, 2026, at 6:00 P.M.

9b. Schools/Training

- Community Development Director Sheila Hellermann will be attending the Small Cities Development Program Implementation Training on September 16 in Marshall.

10. ADJOURNMENT

A motion was made by Council Member Niehoff, seconded by Council Member Klasen, and unanimously carried to adjourn the meeting at 6:53 P.M.

A handwritten signature in black ink, appearing to read "Connor Kockler", with a long, sweeping horizontal stroke extending to the right.

CONNOR KOCKLER – CITY CLERK